

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Joint Application of Southern California Edison  
Company and San Diego Gas and Electric  
Company for the 2002 Nuclear Decommissioning  
Cost Triennial Proceeding to Set Contribution  
Levels for the Companies' Nuclear  
Decommissioning Trust Funds and Address  
Other Related Decommissioning Issues.

Application 02-03-039  
(Filed March 21, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING  
ADDRESSING MOTIONS TO STRIKE**

On November 15, 2002, the applicants filed a motion to strike portions of the opening brief of the Office of Ratepayer Advocates (ORA) that address the following:

- ORA's proposed 10% reduction in decommissioning costs for reactor vessel segmentation, reactor vessel internals segmentation, and large component removal at San Onofre Nuclear Generating Station Units 2 and 3 (SONGS 2&3).
- ORA's proposed reduction in SONGS 2&3 fixed costs associated with scope and schedule changes.
- ORA's proposed 10% reduction in decommissioning costs for reactor vessel segmentation, reactor vessel internals segmentation, and large component removal at Palo Verde Nuclear Generating Station Units 1, 2 and 3 (Palo Verde).
- ORA's proposal to disallow increased labor costs at Palo Verde.
- ORA's proposed contingency factor for Palo Verde.

The applicants argue that ORA's proposals constitute new evidence. ORA argues that the proposals are argument, and should not be stricken.

ORA's are arguments based on the record. Nothing contained in the opening brief attempts to introduce new facts. Therefore, I will deny the motion.

On November 25, 2002, the applicants filed a motion to strike the following portion of page 3 of ORA's reply brief.

"For example, the trusts could acquire California Statewide Financing Authority bonds, rated A1 by Moody's (investment grade), with a yield of 5.65 percent, and a 10.15 percent taxable-equivalent yield.<sup>2</sup> Or, perversely, the trusts could acquire investment grade DWR revenue bonds. According to media reports, "demand was strongest for the 20-year uninsured bonds yielding 5.48 percent tax-free. For a California investor in the highest tax bracket, that's equal to almost 9.9 percent on a fully taxable bond."<sup>3</sup>

Either of these fixed income options would result in higher returns than PG&E has forecast, with zero interest rate fluctuation risk. Once the bonds are bought, no further action would be necessary, and the returns would be locked in until maturity."

The above portion of ORA's reply brief, including the footnotes, introduces information that is not in the record. Therefore, we will grant the motion.

**THEREFORE, IT IS RULED** that,

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<sup>2</sup> San Francisco Chronicle, Aug. 27, 2002 at B4; Moody's Rating Action, Aug. 2, 2002. The bonds have maturities that range from 2005 to 2043, which span the decommissioning timeframe. Interest on the bonds is exempt from federal and State of California income tax and is not subject to the AMT.

<sup>3</sup> San Francisco Chronicle, Nov. 6, 2002 at B1.

1. The motion of Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E) filed on November 15, 2002 is denied.

2. The motion of SCE and SDG&E filed on November 25, 2002 is granted.  
Dated March 6, 2003, at San Francisco, California.

/s/ JEFFREY P. O'DONNELL

Jeffrey P. O'Donnell  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Addressing Motions to Strike on all parties of record in these proceedings or their attorneys of record.

Dated March 6, 2003, at San Francisco, California.

/s/ MARGARITA LEZCANO  
Margarita Lezcano

**N O T I C E**

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